

Message Text

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E.O. 11652: GDS

TAGS: ENRG, OECD

SUBJECT: OECD WORKING GROUP ON OIL SHARING

REF: STATE 190938

SUMMARY: WE HAVE DISCUSSED OBJECTIVES OF OIL SHARING WORKING GROUP WITH VAN RHIJN, CHAIRMAN OF WORKING GROUP, AND WANSINK, CHAIRMAN OF HIGH LEVEL GROUP (HLG). THEY NOW CONCUR, TO ACCOMMODATE U.S. POSITION, THAT WORKING GROUP SHOULD PRESENT PLURAL OPTIONS TO NEXT HLG MEETING FOR HLG TO CHOOSE FROM AT POLITICAL LEVEL. THEY NEVERTHELESS INSIST THAT NUMBER OF OPTIONS AND DISAGREED POINTS BE REDUCED TO A MINIMUM AND FORESEE NEED TO MAKE SUBSTANTIAL PROGRESS TO THIS END AT NEXT WEEK'S MEETING. WANSINK SUGGESTS THAT UNDER SECRETARY CASEY MEET WITH SELECTED HEADS OF DELEGATIONS OF HLG ON EVENING BEFORE NOVEMBER HLG MEETING TO PAVE WAY FOR APPROPRIATE SELECTION AMONG OPTIONS. END SUMMARY

1. WHEN WE DISCUSSED SUBSTANCE OF REFTEL WITH VAN RHIJN 27 SEPT, CLEAR DISAGREEMENT AS TO PURPOSE OF WORKING GROUP ON EMERGENCY OIL SHARING BECAME APPARENT. VAN RHIJN STATED SUBJECT HAD BEEN DISCUSSED AT SEPT MEETING AND GREAT MAJORITY HAD AGREED ON OBJECTIVE TO PRESENT SINGLE RECOMMENDATION TO HLG. IN LATER CONVERSATION HE QUOTED RAPPORTEUR'S REPORT TO EFFECT THAT MEETING HAD AGREED THAT AT NEXT MEETING, IN OCTOBER, EACH DELEGATION SHOULD

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BE PREPARED TO ENTER FINAL NEGOTIATIONS ON (1) BASIS OF APPORT-

IONMENT, (2) TRIGGER MECHANISM AND (3) AVAILABLE OIL, AND THAT ALL REASONABLE EFFORT SHOULD BE MADE TO SECURE COMPROMISE, AGREEMENT ON EMERGENCY SHARING. NEVERTHELESS, IN VIEW OF U.S. POSITION, VAN RHIJN WISHED TO THINK MATTER OVER AND DISCUSS WITH WANSINK.

2. ON 2 OCTOBER REINFRANK OF OECD CALLED WANSINK ON BEHALF OF VAN LENNEP AND APPARENTLY CONVEYED SUSTANCE OF UNDER SECRETARY'S APPROACH TO VAN LENNEP IN NAIROBI. WANSINK WAS THEREBY IMPRESSED WITH USG NEED TO HAVE APPORTIONMENT SCHEME CHOSEN AT POLICY LEVEL RATHER THAN AT SO-CALLED TECHNICAL LEVEL OF WORKING GROUP, WHICH WE WERE LATER ABLE TO RECONFIRM ON BASIS OF REFTTEL.

3. IN SUBSEQUENT CONVERSATION WE HELD WITH WANSINK AND VAN RHIJN, WANSINK EXPRESSED HIS CONCLUSION AS FOLLOWS:

A. IN VIEW OF DISAGREEMENT ON TERMS OF REFERENCE FOR WORKING GROUP, WHICH HAD NOT BEEN RECORDED OWING TO POSSIBILITY OF LEAKS AND MISINTERPRETATION, QUESTION OF SINGLE RECOMMENDATION SHOULD NOT BE PURSUED.

B. NEGOTIATIONS SHOULD PROCEED URGENTLY, HOWEVER, AT NEXT WEEK'S MEETING, TO REDUCE OPTIONS AND DISAGREED ELEMENTS OF PROBLEM TO MINIMUM FOR PRESENTATION TO HLG FOR CONSIDERATION. BOTH DUTCH OFFICIALS POINTED TO DIFFICULTY OF HLG MAKING CHOICE FROM WIDE VARIETY OF OPTIONS AND STRESSED NECESSITY OF HLG'S MAKING THE CHOICE RATHER THAN BUCKING IT TO UNWIELDY FULL OIL COMMITTEE.

C. WANSINK SUGGESTED THAT INFORMAL MEETING BE HELD EVENING BEFORE NOVEMBER HLG MEETING BY UNDER SECRETARY AND HEAD OF DELEGATIONS, POSSIBLY OF ENTIRE HLG BUT PREFERABLY ONLY OF MEMBERS OF WORKING GROUP. PURPOSE WOULD BE TO SORT OUT OPTIONS AND ISSUES PRESENTED BY WORKING GROUP AND PREPARE WAY FOR HLG POLITICAL DECISION.

4. IN AGREEING TO PLURAL OPTIONS IN WORKING GROUP REPORT, DUTCH OFFICIALS EXPRESSED CONCERN WHETHER JAPANESE CAN CONTINUE FLEXIBLE APPROACH THEY HAVE RECENTLY SHOWN. IMPLICATION WAS THAT JAPANESE NEGOTIATING ABILITY IN WORKING GROUP WILL BE CONSIDERABLY CURTAILED IN LARGER HLG AND DRASTICALLY SO IN OIL COMMITTEE. THEREFORE, THE FEWER OPTIONS THAT CAN BRING AGREEMENT IN WORKING GROUP (I.E. THE MORE NEGOTIATION ACCOMPLISHED), THE BETTER. JAP-CONFIDENTIAL

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ANESE MUST "STICK THEIR NECK OUT" MORE THAN MANY OTHER COUNTRIES TO JOIN IN SHARING AGREEMENT, AND THEY ARE LESS LIKELY TO DO SO IN FORUM LARGER THAN WORKING GROUP, ACCORDING TO WANSINK; THEIR FLEXIBILITY MIGHT NOT EVEN LAST BEYOND NEXT MEETING OF WORKING GROUP. IN ADDITION, POSTION AUSTRALIANS WILL TAKE IS PROBLEM-ATICAL AND ARGUES FOR ALL POSSIBLE AGREEMENT AT WORKING GROUP LEVEL.

5. REGARDING PROCEDURES, EVEN ASSUMING SUBSTANTIAL AGREEMENT ON CONTENTS OF REPORT REACHED AT NEXT WEEK'S MEETING AND FINALIZED AT MEETING LATE IN OCTOBER, TRANSLATION AND CIRCULATION OF WRITTEN REPORT COULD NOT BE ACCOMPLISHED IN TIME FOR FINAL ACTION BY HLG MEETING 19 NOV, ACCORDING TO DUTCH. BEST POSSIBILITY WOULD BE ORAL PRELIMINARY REPORT TO HLG REGARDING FORTHCOMING WRITTEN REPORT. HLG COULD THEN TAKE ACTION IT SEES FIT, INCLUDING SETTING FIRM SCHEDULE FOR FURTHER ACTION OR DECISION.

6. COMMENT: (A) WE ARE UNABLE TO EVALUATE PEATED BY BOTH OFFICIALS TO EFFECT THAT WE MUST CATCH JAPANESE WHILE IN FLEXIBLE MOOD, BUT IT APPEARS TO BE SERIOUS MATTER TO THEM RATHER THAN PLOY TO GET U.S. MOVING. (B) AS RESULT OF OUR DUAL APPROACH HERE AND IN NAIROBI, THEY HAVE BACKED OFF APPRECIABLY FROM SINGLE RECOMMENDATION POSITION BUT CONTINUE TO CONSIDER SUBSTANTIAL NARROWING OF CHOICES BY NEXT MEETING OF UTMOST IMPORTANCE. TANGUY

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